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**USTR BARSHEFSKY ANNOUNCES RESULT OF
BULGARIA'S SPECIAL 301 OUT-OF-CYCLE REVIEW**

United States Trade Representative Charlene Barshefsky today announced the out-of-cycle review decision for Bulgaria under the U.S. Government's Special 301 program. Ambassador Barshefsky stated:

"Bulgaria was moved from the "Priority Watch List" to the "Watch List" because of significant progress that the Government of Bulgaria has made in reducing the production and export of pirated optical media." Ambassador Barshefsky commended the government's strong enforcement efforts since the beginning of the year, but expressed concern that "pirates appear to be taking advantage of certain remaining loopholes." In particular, Ambassador Barshefsky urged the Bulgarian government to address problems related to the government's title verification system and to strengthen customs enforcement.

Ambassador Barshefsky further stated, "If Bulgaria sustains its strong enforcement efforts and addresses remaining concerns, USTR would consider removing Bulgaria from the Special 301 list altogether." The U.S. will examine Bulgaria's progress toward addressing these concerns in the 1999 Annual Special 301 review. Ambassador Barshefsky noted that "the progress achieved in this case underscores the fact that Special 301 is one of our most effective trade policy instruments."

Background

In April 1997, Bulgaria was elevated to the Watch List because of concerns that it had become the largest source of pirate CD production in Europe and one of the largest exporters of such products. After consultations in the fall of 1997 failed to spur effective enforcement action, Bulgaria was elevated to the Priority Watch List at the end of an out-of-cycle review in January 1998. At that time, the GOB was informed that should it fail to make substantial progress toward

combating piracy of optical media it would be identified as a Priority Foreign Country as early as April 1998.

By the time of the May 1998 Special 301 announcement, the Government of Bulgaria had made substantial progress toward implementing effective controls on optical media production. As a result of these developments and a substantial reduction in the level of CD piracy in Bulgaria, USTR announced on May 1 that we would monitor Bulgaria's ability to sustain these enforcement efforts over the following six months, and conduct an out-of-cycle review in September.